

**REMARKS/DISCUSSION OF ISSUES**

The Office Action dated June 23, 2004 has been reviewed and carefully considered. Claims 1-14 remain pending, of which the independent claims are 1 and 6. Reconsideration of the above-identified application is respectfully requested.

The Office Action rejects claims 1-4, 6-10 under 35 U.S.C. 102(e) over U.S. Patent No. 6,233,278 to Dieterich ("Dieterich"). Applicants respectfully traverse this rejection. As explained below, claims 1-4 and 6-10 are patentable over any reasonable interpretation of Dieterich

Claim 1 recites:

A method of encoding . . . wherein each image field is encoded as a series of slices each comprised of a predetermined number of successive lines of the field . . . and the encoded data for the slice is read into the encoder buffer and subsequently read out therefrom on completion of encoding of the slice

Dieterich fails to disclose or suggest the above-quoted features of claim 1 of the present invention.

Item 2 of the Office Action, in citing to Dieterich for disclosure of the underlined part of the above-quoted, claim 1 features, cites some preceding claim language and follows with some trailing dots, thereafter citing lines 21-42 of column 14. The cited passage relates to the bit budget information that is delivered to the quantizer 670 and variable length encoder 680 as

side information. The bit budget amounts to a determination of a specific limit on the number of bits utilizable in compressing a particular frame or other unit of image data, based on the determined complexity of the content of that unit (col. 12, lines 32-40).

The applicants find the cited passage to have no disclosure or suggestion of the above-quoted language of claim 1 of the present invention. Nor can applicants find such disclosure or suggestion anywhere in Dieterich. For at least the above reasons, Dieterich fails to anticipate the present invention as recited in claim 1. Reconsideration and withdrawal of this ground of rejection are respectfully requested.

Claim 6 is an apparatus claim analogous to the method claim 1, and contains the same above-quoted language that has been shown to distinguish patentable over the Dieterich reference. Accordingly, Dieterich likewise fails to anticipate the present invention as recited in claim 6. Reconsideration and withdrawal of this ground of rejection are respectfully requested.

The Office Action rejects claims 5 and 11-14 under 35 U.S.C. 103(a) over Dieterich in view of U.S. Patent No. 6,535,556 to Kato et al. ("Kato"). Applicants respectfully traverse this rejection.

Claim 5 depends from claim 1, and claims 11-14 depend from claim 6. Kato fails to compensate for the shortcoming of Dieterich. Accordingly, for at least these reasons, the proposed combination of prior art references fails to render obvious the present invention as recited in claims 5 and 11-14.

Reconsideration and withdrawal of this ground of rejection are respectfully requested.

Each of the other rejected claims depends from one of the base claims, which have been shown to be patentable over the applied references, and are likewise deemed to be patentable at least due to their respective dependencies from the base claims.

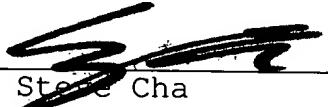
Conclusion:

In light of the foregoing, Applicant respectfully requests that the Examiner withdraw the rejections of record, allow all the pending claims, and find the application to be in condition for allowance. If any points remain in issue that may best be resolved through a personal or telephonic interview, the Examiner is respectfully requested to contact the undersigned at the telephone number listed below.

Respectfully submitted,

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